

## Message Text

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PAGE 01 USBERL 00393 021812Z

46

ACTION EUR-12

INFO OCT-01 ISO-00 IO-11 ACDA-05 SAJ-01 CIAE-00 DODE-00

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INFO AMEMBASSY BERLIN UNN

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AMCONSUL BREMEN

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AMCONSUL FRANKFURT

AMCONSUL STUTTGART

CINCEUR

CINCUSAREUR

USELMLO

CINCUSAFE

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CINCEUR, CINCUSAREUR, CINCUSAFE FOR POLADS

E.O. 11652: N/A

TAGS: PGOV, PINT, WB

SUBJECT: CRITICISM OF SCHUETZ OVER LIEHR AFFAIR

REF: USBERLIN 356 (NOTAL)

SUMMARY: LIEHR AFFAIR, AT FIRST GLANCE A ROUTINE CASE OF

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PAGE 02 USBERL 00393 021812Z

OCCASIONAL BERLIN INEPTITUDE WHICH WOULD FALL UNDER GENERAL

RUBRIC OF SUBSIDY MENTALITY, HAS SOMEWHAT SURPRISINGLY TARNISHED GOV. MAYOR'S REPUTATION, AT LEAST TEMPORARILY. AFTER SCHUETZ HAD CONFESSED TO BERLIN HOUSE OF REPRESENTATIVES THAT HE HAD NOT BEEN INFORMED OF EVENTS LEADING TO LIEHR'S RESIGNATION, BACKBENCHERS FOR FIRST TIME BEGAN TO ACCUSE MAYOR OF BEING TOO DETACHED FROM DAY-TO-DAY PROBLEMS OF GOVERNING CITY. OVER WEEKEND DELEGATES OF WILMERSDORF LOCAL SPD ORGANIZATION VOTED TO NOMINATE CAUCUS CHAIRMAN HAUS RATHER THAN SCHUETZ FOR BERLIN SPD CHAIRMAN AT MAY PARTY CONVENTION AND IT IS POSSIBLE SOME OTHER LOCAL ORGANIZATIONS MAY FOLLOW SUIT. WE BELIEVE, NEVERTHELESS, THAT SCHUETZ WILL RIDE OUT STORM IN GOOD ORDER ESPECIALLY SINCE THERE IS NO SUCCESSOR TO HIM ANYWHERE IN SIGHT. END SUMMARY:

2. LIEHR AFFAIR (REFTEL) HAS LED TO FIRST CRITICISM WE CAN RECALL OF SCHUETZ FROM SPD BACKBENCHERS. THEY ACCUSE HIM OF REMAINING TOO MUCH ON OLYMPIAN PEDESTAL WHILE MISMANAGEMENT OCCURS AT LOWER LEVELS. DIE ZEIT (HAMBURG), WE ARE TOLD, HAS COMMISSIONED PIECE FROM ITS BERLIN CORRESPONDENT THIS WEEK ABOUT SCHUETZ' PROBLEMS AND WE EXPECT TO BE READING SIMILAR PIECES ELSEWHERE, ESPECIALLY IN SPRINGER PRESS. SPD CAUCUS CHAIRMAN HAUS HAD ALREADY REMINDED SPD THAT SUCH MUNDANE MATTERS AS HOUSING MEAN MORE TO VOTERS THAN BROADER ISSUES AND SCHUETZ HAS HIMSELF SAID THAT RESIGNATION OF LIEHR WOULD NOT BE END OF COMPLICATED STORY INVOLVING RATHER TYPICAL CASE OF BERLIN MUSICAL CHAIRS IN WHICH EACH FIGURE WHOSE COMPETANCE IS QUESTIONED SEEMS TO GO ON TO BIGGER AND BETTER PAID JOBS.

3. KEY EVENT FEBRUARY 27 OCCURRED WHEN GOV. MAYOR SCHUETZ APOLOGIZED FORMALLY TO PARLIAMENTARIANS FOR HIS FAILURE TO BE AWARE OF EVENTS AT KPM, MUNICIPALLY-OWNED PORCELAIN MANUFACTORY. (EVENTS TO WHICH SCHUETZ ALLUDED INCLUDED MARCH 1975 APPOINTMENT OF FORMER SENAT OFFICIAL AND CURRENTLY BUNDESTAG MEMBER JUERGEN GRIMMING OF SPD AS BUSINESS MANAGER OF KPM; DOUBLE PROMOTION OF KPM OFFICIAL SICHTER WHO STEPPED ASIDE FOR GRIMMING; MISINFORMATION OF FORGOING GIVEN TO HOUSE BY FORMER SENATOR LIEHR; DUBIOUS ROLE OF SENAT DIRECTOR SCHWAEBL IN APPROVING GRIMMING APPOINTMENT, SICHTER PROMOTION AND MISINFORMATION GIVEN TO LIEHR; LIEHR'S APPROVAL OF FIRING OF KPM TECHNICAL DIRECTOR KETNATH, WHICH HAS JUST BEEN OVERTURNED BY BERLIN LIMITED OFFICIAL USE

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PAGE 03 USBERL 00393 021812Z

COURT; LIEHR'S APPROVAL OF SCHWAEBL APPOINTMENT TO LUCRATIVE POST OF PERSONNEL MANAGER OF MUNICIPAL SANITATION COMPANY WHILE PARLIAMENTARY SUBCOMMITTEE WAS INVESTIGATING HIS ROLE IN KPM MISMANAGEMENT; AND LIEHR'S ATTEMPT TO MOVE HIS SMALL DEPARTMENT TO OFFICES IN EUROPA CENTER WHICH WOULD HAVE COST 1 MILLION DM PER YEAR.) SCHUETZ ALSO TOLD HOUSE THAT LIEHR'S DECISION TO RESIGN WAS MADE BY LIEHR PERSONALLY IN ACCORDANCE WITH PARLIAMENTARY PRINCIPLE OF ACCOUNTABILITY.

4. LIEHR, TO OBVIOUS SURPRISE OF HOUSE, ASKED FOR FLOOR AT CONCLUSION OF DEBATE. HE CONTRADICTED SCHUETZ ASSERTION THAT DECISION TO RESIGN WAS LIEHR'S PERSONAL CHOICE, ADDING THAT HE RESIGNED BECAUSE SCHUETZ MADE IT CLEAR HE HAD NO MORE CONFIDENCE IN LIEHR. LIEHR'S STATEMENT WAS RECEIVED IN TOTAL SILENCE. WHEN VOTE WAS TAKEN ON CDU RESOLUTION BEING DEBATED (CONCERN OVER APPOINTMENT OF SCHWAEBL TO SANITATION JOB), APPROXIMATELY HALF OF SPD MEMBERS VOTED FOR RESOLUTION WITH REMAINDER ABSTAINING. NO SPD OR FDP MEMBERS VOTED AGAINST MFAYITION MEASURE. HOWEVER, SOME WIND HAD BEEN TAKEN FROM CDU SAILS PRIOR TO DEBATE WHEN SENAT ANNOUNCED THAT SCHWAEBL HAD BEEN FORCED INTO EARLY RETIREMENT.

5. IN HIS WEEKLY "WHERE THE SHOE PINCHES" RADIO AND TELEVISION TALK WEEKEND OF FEBRUARY 28/29, SCHUETZ WARNED BERLIN GOVERNMENT OFFICIALS, PARTICULARLY THOSE WHO WERE SPD MEMBERS, THAT PUBLIC MUST GET GOOD SERVICE FROM ITS CIVIL SERVANTS. HE CALLED FOR END TO INTRA-PARTY BICKERING AND NOTED THAT THERE WAS STILL ACTION TO BE TAKEN AS RESULT OF KPM AFFAIR. IN SIGNED ARTICLE IN SPD WEEKLY BERLINER STIMME, SCHUETZ SUGGESTED BERLIN SPD HAD NOT DRAWN LESSONS FROM ITS DEFEATS IN LAST YEAR'S BERLIN ELECTION AND THIS WINTER'S ZEHLENDORF SPECIAL ELECTIONS.

6. DESPITE SCHUETZ EFFORT TO HEAD OFF FURTHER CONTROVERSY THROUGH POSITIVE ACTION, IT APPEARS THAT HIS POSITION WITHIN THE PARTY HAS BEEN DAMAGED, AT LEAST TEMPORARLY. SPD RANK AND FILE HAS POINTED OUT IT WAS SPD CAUCUS IN HOUSE WHICH FORCED ACTION AGAINST LIEHR AND SCHWAEBL, NOT SCHUETZ. DURING FEBRUARY 28 ELECTION OF OFFICIALS OF ABTEILUNG 2 OF WILMERSDORF SPD, DELEGATES VOTED TO NOMINATE SPD CAUCUS CHAIRMAN WOLFGANG HAUS FOR POSITION OF BERLIN CHAIRMAN AT MAY 15 SPD CONVENTION LIMITED OFFICIAL USE

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PAGE 04 USBERL 00393 021812Z

IN PLACE OF SCHUETZ. (FEW DAYS PREVIOUSLY, SPD ABTEILUNG IN ANOTHER DISTRICT MADE SIMILAR RECOMMENDATION.) SOME OTHER LOCAL ORGANIZATION MAY FOLLOW SUIT ALTHOUGH, IN END, SCHUETZ WILL PROBABLY BE REELECTED SPD CHAIRMAN.

7. CDU HAS SOUGHT TO CAPITALIZE ON CONFUSION ARISING FROM LIEHR AFFAIR BY SHARPENING ITS CRITICISM OF SENAT DECISION-MAKING PROCESS. CDU CAUCUS CHAIRMAN HENRICH LUMMER FORMALLY RENEWED CHRISTIAN DEMOCRATS OFFER TO SPD TO ENTER INTO COALITION GOVERNMENT. HE NOTED THAT CDU WAS STRONGEST PARLIAMENTARY PARTY AND THAT SENAT IN WHICH CHRISTIAN DEMOCRATS WERE REPRESENTED WOULD THEREFORE BE MORE REPRESENTATIVE OF WILL OF VOTERS. SPD AND FDP COALITION COMMITTEE WAS TO MEET MARCH 1 TO DISCUSS IMPLICATIONS FOR COALITION OF LIEHR AFFAIR AND ITS AFTERMATH. FROM INDICATIONS WE HAVE HAD, HOWEVER, IT DOES NOT

APPEAR THAT COALITION IS IN DANGER OF BREAKING UP (FDP WANTS VERY MUCH TO CONTINUE TO SHARE POWER IN BERLIN FOR OBVIOUS REASONS) OR OF THAT SPD WILL DECIDE TO ENTER A COALITION WITH CDU.

8. SPIEGEL MARCH 1 COMMENTED THAT SCHUSPZ WOULD HAVE TAKEN NO ACTION HAD HAUS NOT INTERVENED. MARCH 1 DER ABEND IN DISCUSSING KPM CRISIS, CALLED IT RESULT OF LONG-TERM DEVELOPMENTS AND ATTRIBUTED PART OF PROBLEM TO SCHUETZ WEAKNESS AS JUDGE OF MEN. NEVERTHELESS, PAPER NOTED THAT SPD IN BERLIN STANDS OR FALLS WITH SCHUETZ.

9. COMMENTS: WE THINK SCHUETZ WILL RIDE THIS CURRENT CRISIS OUT BUT THAT HE WILL NEED TO CONTINUE HIS CAMPAIGN TO CONVINCE SPD TO SHAPE UP OR RESIGN ITSELF TO COMPLETE LOSS OF POWER IN 1979. SCHUETZ NATIONAL ASPIRATIONS, HAVE OBVIOUSLY HAD SETBACK BUT WE BELIEVE HE WILL RECOVER IN TIME. HELPING SCHUETZ AT THIS MOMENT IS, OF COURSE, TOTAL ABSENCE OF A REPLACEMENT; SENATOR NEUBAUER, THE OBVIOUS CHOICE, IS NO LONGER POPULAR, WHILE SENATORS STOBBE AND RIEBSCHLAEGER, BOTH ATTRACTIVE CANDIDATES, ARE TOO YOUNG; 38 AND 35 RESPECTIVELY. GEORGE

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## Message Attributes

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